

Message Text

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ACTION EB-04

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C O N F I D E N T I A L PEKING 0275

LIMDIS

E.O. 11652: XGDS-1
TAGS: ETRD ESTR ETEL CH US

SUBJ: ITT DISCUSSES DOMESTIC SATELLITE SYSTEM WITH CHINESE

REF: PEKING 77 1806

1. SUMMARY: ITT REPRESENTATIVES WHO CONDUCTED A TWO-WEEK SEMINAR ON DOMESTIC SATELLITE SYSTEMS IN PEKING WERE TOLD THAT CHINA PLANS TO LAUNCH AN EXPERIMENTAL DOMESTIC COMMUNICATIONS SATELLITE IN 1979-80. APPARENT PRIORITIES FOR A PRC DOMESTIC SATELLITE COMMUNICATIONS SYSTEM ARE COVERAGE OF REMOTE AREAS IN THE SOUTHWEST AND NORTHWEST AND TELEVISION AND FACSIMILE, AS WELL AS TELEPHONY SERVICES. AT PRESENT, THE PRC POSSESSES ONLY A FEW PROTOTYPE OF DOMESTIC SYSTEM GROUND STATIONS WHICH HAVE NOT BEEN TESTED BECAUSE OF LACK OF ACCESS TO A SATELLITE. ALTHOUGH DISCUSSIONS ARE STILL IN EARLY STAGES, ITT HOPES TO BE ABLE TO SELL EITHER GROUND STATION TECHNOLOGY OR NETWORK PLANNING SERVICES IN THE FUTURE. EMD SUMMARY.

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2. AMBASSADOR WOODCOCK WAS VISITED ON JANUARY 27 BY PER S. SAETHER, VICE PRESIDENT, ITT SPACE COMMUNICATIONS, AND ROBERT A. MCGREGOR, DIRECTOR OF CHINA TRADE, ITT FAR EAST, WHO HAD BEEN IN PEKING FOR ABOUT TWO WEEKS CONDUCTING A SEMINAR UNDER CHINA COUNCIL FOR THE PROMOTION OF INTERNATIONAL TRADE

(CCPIT) AUSPICES ON DOMESTIC SATELLITE (DOMSAT) COMMUNICATIONS SYSTEMS. ALSO PRESENT WERE REPRESENTATIVES OF EAST ASIATIC COMPANY WHICH IS AGENT FOR ITT IN CHINA.

3. DURING THE SEMINAR, WHICH DEALT COMPREHENSIVELY WITH THE DESIGN AND OPERATION OF DOMSAT SYSTEMS, THE ITT REPRESENTATIVES BECAME CONVINCED THAT CHINA IS SERIOUSLY INTERESTED IN PROCEEDING QUICKLY TO ESTABLISH A DOMESTIC SATELLITE SYSTEM AND SUCCEEDED IN LEARNING SOME SPECIFIC PRC PLANS AND PRIORITIES. THE CHINESE TOLD ITT THAT THE SYSTEM WOULD GIVE PRIORITY COVERAGE TO REMOTE REGIONS, PARTICULARLY THE SOUTHWEST AND NORTHWEST MOUNTAINOUS AREAS. ADDITIONAL COVERAGE WOULD BE PROVIDED FOR OFFSHORE PETROLEUM EXPLORATION ACTIVITIES AND HYDROELECTRIC PLANTS LOCATED IN REMOTE AREAS. THE CHINESE SEEMED MOST INTERESTED IN TELEVISION AND FACSIMILE SERVICES ALTHOUGH THE SYSTEM WOULD UNDOUBTEDLY ALSO PROVIDE TELEPHONIC COMMUNICATIONS.

4. THE CHINESE INDICATED THEIR INTENTION TO LAUNCH A SYNCHRONOUS ORBIT SATELLITE LIKE THE INTELSAT III MODEL IN 1979 OR 1980. THIS WOULD BE AN EXPERIMENTAL SATELLITE. AFTER A PERIOD OF TESTING, AN OPERATIONAL COMMUNICATIONS SATELLITE WOULD BE LAUNCHED. AS FOR CONFIDENTIAL

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GROUND STATIONS, THE CHINESE APPEARED TO ITT TO FAVOR THE USE OF FIVE OR TEN METER ANTENNAS, ALTHOUGH NO INDICATION WAS GIVEN OF THE NUMBER THAT MIGHT BE USED.

5. ITT WISHED TO CORRECT THE IMPRESSION GIVEN THE ELECTRONIC INDUSTRY ASSOCIATION LAST AUGUST (REFTEL) THAT CHINA HAS AS MANY AS THIRTY GROUND STATIONS FOR DOMESTIC SATELLITE COMMUNICATION. ITT WAS TOLD THAT CHINA HAS ONLY TWO TEN METER ANTENNAS, ONE FIFTEEN METER ANTENNA AND ONE FIVE METER ANTENNA, ALL OF WHICH ARE PROTOTYPES WHICH HAVE NOT YET BEEN TESTED BECAUSE OF LACK OF ACCESS TO A SATELLITE. IT IS PROBABLE THAT THE CHINESE HAVE DIFFICULTY WITH VOLUME PRODUCTION AND WILL HAVE TO IMPORT AT LEAST SOME GROUND STATION COMPONENTS.

6. SAITHER, AN ENGINEER, SPECULATED THAT THE CHINESE DOMSAT PROGRAM WOULD ENTAIL TWO INITIAL PHASES. IN THE FIRST PHASE, PRC TECHNICIANS WOULD DEVELOP THEIR OWN TECHNICAL CAPABILITIES AND KNOWLEDGE WHILE RUNNING TESTS IN EUROPE ON THE EUROPEAN SYMPHONIE SATELLITE. AT THE SAME TIME THEY MIGHT BUY A COMPLETE SMALL EARTH

STATION FROM ABROAD FOR THE SAME PURPOSES. IN PHASE TWO, THEY MIGHT LEASE A TRANSPONDER FROM THE INTELSAT SYSTEM AND CONTINUE TO DEVELOP THEIR OWN CAPABILITIES BEFORE INAUGURATION OF A WHOLLY CHINESE DOMSAT SYSTEM.

7. THE PRC DOES NOT NOW APPEAR TO HAVE ORGANIZED A SEPARATE OFFICE TO DIRECT WORK ON A DOMSAT. AS NOTED, THE SEMINAR WAS SPONSORED BY CCPIT; IT WAS ATTENDED BY TECHNICIANS FROM THE MINISTRY OF POSTS AND TELECOMMUNICATIONS, THE CHINESE ELECTRONICS SOCIETY AND OTHERS. ITT RATED THE QUALITY OF ATTENDING TECHNICIANS HIGHLY, BUT WONDERED WHETHER THEIR COMMAND OF TECHNICAL THEORY WOULD BE MATCHED BY AN ABILITY TO APPLY
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THE THEORY. TECHNICIANS' QUESTIONS DID NOT INDICATE THAT THEY HAD THOUGHT VERY CREATIVELY ABOUT THE INFORMATION THEY HAD ABSORBED.

8. IN THEIR PRESENTATION, ITT REPRESENTATIVES STRESSED GROUND STATION TECHNOLOGY WHICH THEY HOPE MIGHT BE SOLD TO CHINA IN THE FUTURE. THEY ALSO MENTIONED TO THE CHINESE THAT ITT CAN PROVIDE NETWORK PLANNING SERVICES, AND THE CHINESE WERE RECEPTIVE TO THE IDEA OF ITT SUPPLYING THIS SERVICE. AT PRESENT, ITT HAS NO DATE FOR THE RESUMPTION OF DISCUSSIONS. IN THE SHORT TERM AT LEAST, CONTINUED SALES EFFORTS WILL BE DIRECTED FROM HONG KONG BY MCGREGOR. ITT REALIZES THEY FACE STRONG COMPETITION FROM EUROPE AND PARTICULARLY FROM JAPAN. ON THE POSITIVE SIDE, ITT HAS HAD A GROWING COMMERCIAL RELATIONSHIP WITH CHINA FOR SOME YEARS DESPITE STRONG ITT BUSINESS TIES TO TAIWAN, AND NEITHER THE TAIWAN CONNECTION NOR ITS AMERICAN IDENTITY IS CONSIDERED BY ITT TO HANDICAP IT IN DEALINGS WITH THE PRC.

9. THE ABOVE INFORMATION AND ITS SOURCE ARE SENSITIVE AND SHOULD NOT BE DISCUSSED OUTSIDE THE U.S. GOVERNMENT.
WOODCOCK

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